

CEDAR TOWNSHIP, OSCEOLA COUNTY

REED CITY, MICHIGAN

MARCH 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Cedar Township</b>	County <b>Osceola</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>6/15/04</b>	Date Accountant Report Submitted to State: <b>July 16, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

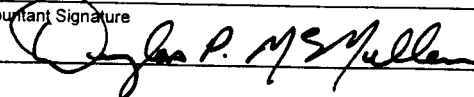
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>BAIRD, COTTER AND BISHOP, P.C.</b>			
Street Address <b>134 W. HARRIS STREET</b>		City <b>CADILLAC</b>	State <b>MI</b>
Accountant Signature  <b>C.P.A.</b>		ZIP <b>49601</b>	Date <b>7/13/04</b>

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

MARCH 31, 2004

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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

June 15, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board  
Cedar Township  
Osceola County  
Reed City, Michigan

We have audited the accompanying general-purpose financial statements of Cedar Township, Osceola County, Reed City, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances and investment in general fixed assets of Cedar Township, Osceola County, Reed City, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter and Bishop, P.C.*

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP  
MARCH 31, 2004

	<u>GOVERNMENTAL</u> <u>FUND TYPE</u> <u>GENERAL</u>	<u>FIDUCIARY</u> <u>FUND TYPE</u> <u>AGENCY</u>
<u>ASSETS</u>		
Cash		
Commercial Account	\$ 496	\$ 1,111
Savings Account	89,886	0
Certificates of Deposit	22,535	0
Taxes Receivable	4,683	0
Land	0	0
Land Improvements	0	0
Buildings	0	0
Furniture and Equipment	0	0
	<hr/>	<hr/>
TOTAL ASSETS	\$ 117,600	\$ 1,111
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>		
Payroll Withholdings	\$ (94)	\$ 0
Deferred Revenue	4,683	0
	<hr/>	<hr/>
Total Liabilities	\$ 4,589	\$ 0
	<hr/>	<hr/>
<u>EQUITY</u>		
Investment in General Fixed Assets	\$ 0	\$ 0
Balance		
Unreserved	113,011	1,111
	<hr/>	<hr/>
Total Equity	\$ 113,011	\$ 1,111
	<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY	\$ 117,600	\$ 1,111
	<hr/> <hr/>	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

ACCOUNT GROUP	TOTAL
GENERAL	(MEMORANDUM
FIXED ASSETS	ONLY)
\$ 0	\$ 1,607
0	89,886
0	22,535
0	4,683
16,000	16,000
13,688	13,688
40,618	40,618
8,234	8,234
\$ <u>78,540</u>	\$ <u>197,251</u>
\$ 0	\$ (94)
<u>0</u>	<u>4,683</u>
\$ <u>0</u>	\$ <u>4,589</u>
\$ 78,540	\$ 78,540
<u>0</u>	<u>114,122</u>
\$ <u>78,540</u>	\$ <u>192,662</u>
\$ <u>78,540</u>	\$ <u>197,251</u>

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Taxes	\$ 28,736
Licenses and Permits	395
State Grants	27,612
Fines and Forfeits	622
Charges for Services	15
Interest and Rents	1,938
Miscellaneous	35
	<hr/>
Total Receipts	\$ 59,353

DISBURSEMENTS

Legislative	
Township Board	\$ 3,229
General Government	
Supervisor	3,740
Assessor	12,227
Clerk	4,121
Board of Review	848
Treasurer	7,851
Building and Grounds	13,492
Cemetery	603
Public Safety	4,931
Community and Economic Development	1,826
Recreation and Cultural	220
Other Functions	6,112
	<hr/>
Total Disbursements	\$ 59,200

Excess of Receipts Over (Under) Disbursements	\$ 153
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<u>BALANCE</u> - April 1, 2003	<hr/> 112,858
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<u>BALANCE</u> - March 31, 2004	<hr/> <hr/> \$ 113,011
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CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL

GENERAL FUND  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 28,000	\$ 28,736	\$ 736
Licenses and Permits	0	395	395
State Grants	29,000	27,612	(1,388)
Fines and Forfeits	0	622	622
Charges for Services	0	15	15
Interest and Rents	1,000	1,938	938
Other Receipts	500	35	(465)
Total Receipts	\$ 58,500	\$ 59,353	\$ 853
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 3,450	\$ 3,229	\$ 221
General Government			
Supervisor	4,300	3,740	560
Assessor	12,230	12,227	3
Clerk	4,640	4,121	519
Board of Review	1,000	848	152
Treasurer	7,890	7,851	39
Building and Grounds	15,000	13,492	1,508
Cemetery	3,000	603	2,397
Public Safety	7,100	4,931	2,169
Community and Economic Development	6,700	1,826	4,874
Public Works	8,000	0	8,000
Recreation and Cultural	530	220	310
Other Functions	6,700	6,112	588
Contingency	500	0	500
Total Disbursements	\$ 81,040	\$ 59,200	\$ 21,840
Excess of Receipts Over (Under) Disbursements	\$ (22,540)	\$ 153	\$ 22,693
<u>BALANCE - April 1, 2003</u>	114,490	112,858	(1,632)
<u>BALANCE - March 31, 2004</u>	\$ 91,950	\$ 113,011	\$ 21,061



CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cedar Township is a general law township located in Osceola County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for these funds which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

**C. Assets, Liabilities and Equity**

**1. Deposits and Investments**

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities or three months or less from date of acquisition.

State statutes authorize the Township to invest in bank savings accounts, bank certificates of deposit, securities of the U.S. Government, and repurchase agreements from banks. The State also permits local units of government to invest funds in commercial paper (unsecured notes of businesses and corporations). Such obligations must be rated in one of the three highest classifications by two of the national rating services in order to qualify for local government investment. Other statutory limits are that commercial obligations may not extend for more than 270 days, and not more than one half of the total investments may be invested in commercial paper.

**2. Receivables and Payables**

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liabilities recognized are for unremitted payroll tax withholdings.

**3. Fixed Assets**

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

5. Use of Estimates

This presentation of financial statements on the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budgeted amounts presented are as originally adopted on March 31, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$114,028 and the bank balance was \$114,638. Of the bank balance, \$101,148 was covered by federal depository insurance. The remaining \$13,490 are in accounts which exceed federal depository insurance and are uncollateralized.

The Township's carrying amount of deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Citizens Bank		
LeRoy, Michigan		
Commercial Accounts	\$ 496	\$ 1,111
Savings Accounts	89,886	0
Certificates of Deposit	22,535	0
	<hr/>	<hr/>
TOTAL	\$ 112,917	\$ 1,111
	<hr/>	<hr/>

B. Fixed Assets

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land	\$ 16,000	\$ 0	\$ 0	\$ 16,000
Land Improvements	4,128	9,560	0	13,688
Buildings	40,618	0	0	40,618
Furniture and Equipment	8,234	0	0	8,234
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL	\$ 68,980	\$ 9,560	\$ 0	\$ 78,540
	<hr/>	<hr/>	<hr/>	<hr/>

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

IV. OTHER INFORMATION

**A. Fire Protection Contracts**

The Township has a contract with Lincoln Township and paid \$4,000 for fire protection for the period June 1, 2003, to June 1, 2004.

The Township has a contract with Hersey Township and paid \$931 for fire protection for the period June 1, 2003 to June 1, 2004.

**B. Current Tax Collection Fund Balance**

The balance of \$1,111 remaining in the Current Tax Collection Fund at March 31, 2004, consists of a \$1,000 advance from the General Fund to maintain a minimum tax fund balance, \$75 of commercial forest receipts and \$36 of interest.

**C. Property Taxes**

The Township levied 1.8614 mills in tax on a taxable value of \$15,083,255 on the 2003 tax roll.

The date of the levy was 12/1/03 at which time the taxes become an enforceable lien against the property. Taxes are due and payable to the Township Treasurer on or before February 28. After February 28, the property taxes are payable to the Osceola County Treasurer. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

**D. Interest Income and Expense**

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 1,938	\$ 0

Note - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**E. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including worker's compensation insurance and fidelity bonds.

**F. Commitment**

The Township has entered into a contract with the Osceola County Road Commission to provide 1,690 yards of gravel for various areas and roads. The total cost to the township is \$8,000. No work has been performed or funds disbursed as of March 31, 2004.

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 496
Savings Account	89,886
Certificate of Deposit	22,535
Taxes Receivable	4,683
	<hr/>
TOTAL ASSETS	\$ 117,600
	<hr/>

LIABILITIES AND EQUITY

LIABILITIES

Payroll Withholding	\$ (94)
Deferred Revenue	4,683
	<hr/>
Total Liabilities	\$ 4,589

EQUITY

Balance	
Unreserved	113,011
	<hr/>
TOTAL LIABILITIES AND EQUITY	\$ 117,600
	<hr/>

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 28,000	\$ 28,736	\$ 736
Licenses and Permits	0	395	395
State Grants	29,000	27,612	(1,388)
Fines and Forfeits	0	622	622
Charges for Services	0	15	15
Interest and Rents	1,000	1,938	938
Other Receipts	500	35	(465)
Total Receipts	\$ 58,500	\$ 59,353	\$ 853
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 3,450	\$ 3,229	\$ 221
General Government			
Supervisor	4,300	3,740	560
Assessor	12,230	12,227	3
Clerk	4,640	4,121	519
Board of Review	1,000	848	152
Treasurer	7,890	7,851	39
Building and Grounds	15,000	13,492	1,508
Cemetery	3,000	603	2,397
Public Safety	7,100	4,931	2,169
Community and Economic Development	6,700	1,826	4,874
Public Works	8,000	0	8,000
Recreation and Cultural	530	220	310
Other Functions	6,700	6,112	588
Contingency	500	0	500
Total Disbursements	\$ 81,040	\$ 59,200	\$ 21,840
Excess of Receipts Over (Under) Disbursements	\$ (22,540)	\$ 153	\$ 22,693
<u>BALANCE - April 1, 2003</u>	114,490	112,858	(1,632)
<u>BALANCE - March 31, 2004</u>	\$ 91,950	\$ 113,011	\$ 21,061



CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS  
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 23,384
Swamp Tax	2,193
Delinquent Property Tax and Interest	<u>3,159</u>

Total Taxes	\$ 28,736
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LICENSES AND PERMITS

Non-Business Licenses and Permits	395
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STATE GRANTS

State Revenue Sharing	
Sales and Use Tax	27,612

FINES AND FORFEITS

622

CHARGES FOR SERVICES

Copy Fees	15
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INTEREST AND RENTS

Interest Earnings	1,938
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OTHER RECEIPTS

Miscellaneous	<u>35</u>
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TOTAL RECEIPTS	\$ <u><u>59,353</u></u>
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CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 2,600

Supplies

Office Supplies

9

Other Services and Charges

Professional Services

298

Printing and Publishing

94

Miscellaneous

228

Total Legislative

\$ 3,229

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 3,700

Other Services and Charges

Membership and Dues

40

Total Supervisor

\$ 3,740

Assessor

Supplies

Office Supplies

\$ 3,156

Other Services and Charges

Contracted Services

8,988

Transportation

65

Public Utilities

18

Total Assessor

12,227

Clerk

Personal Services

Salaries and Wages

\$ 4,000

Supplies

Office Supplies

121

Total Clerk

4,121

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

Board of Review			
Personal Services			
Salaries and Wages	\$	627	
Other Services and Charges			
Transportation and Expense		41	
Education and Training		180	
Total Board of Review			848
Treasurer			
Personal Services			
Salaries and Wages	\$	4,000	
Supplies			
Office Supplies		2,943	
Other Services and Charges			
Contracted Services		821	
Transportation and Expense		87	
Total Treasurer			7,851
Building and Grounds			
Personal Services			
Salaries and Wages	\$	985	
Other Services and Charges			
Repair and Maintenance		17	
Contracted Services		890	
Public Utilities		1,810	
Miscellaneous		230	
Capital Outlay			
Land Improvement - Parking Lot		9,560	
Total Building and Grounds			13,492
Cemetery			
Personal Services			
Salaries and Wages	\$	50	
Other Services and Charges			
Contracted Services		425	
Miscellaneous		128	
Total Cemetery			603
Total General Government			42,882

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC SAFETY

Fire Department		
Other Services and Charges		
Aid to Other Governments		\$ 4,931
Community and Economic Development		
Personal Services		
Salaries and Wages	\$ 1,572	
Supplies		
Office Supplies	8	
Other Services and Charges		
Transportation	134	
Printing and Publishing	112	
Total Community and Economic Development		1,826

RECREATION AND CULTURAL

Library		
Other Services and Charges		
Aid to Other Governments		220

OTHER FUNCTIONS

Legal Services	\$ 803	
Insurance and Bonds	3,185	
Employee Benefits		
Medicare and Social Security	1,374	
Worker's Compensation	750	
Total Other Functions		6,112
TOTAL DISBURSEMENTS		\$ 59,200

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash

\$ 1,111

EQUITY

Balance

\$ 1,111

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections		\$ 371,297
Delinquent Tax and Interest		3,469
Commercial Forest		75
Dog Licenses		15
Interest Earnings		251
Overcollections from Taxpayers		733
		<hr/>

Total Receipts

\$ 375,840

DISBURSEMENTS

Payments to County Treasurer		
Current Tax	\$ 115,171	
Delinquent Tax	1,097	
Dog Licenses	10	
Adjustment to Prior Year	6	
	<hr/>	\$ 116,284
Payments to Township Treasurer		
Current Tax	\$ 23,384	
Delinquent Tax and Interest	808	
	<hr/>	24,192
Payments to School Treasurer		
Current Tax		
Pine River Area Schools	\$ 75,888	
Reed City Public Schools	59,380	
Ewart Public Schools	35,132	
Delinquent Tax		
Reed City Schools	1,498	
	<hr/>	171,898
Payments to Intermediate School Treasurer		
Current Tax		
Mecosta-Osceola Intermediate	\$ 28,222	
Wexford-Missaukee Intermediate	34,178	
Delinquent Tax		
Mecosta - Osceola Intermediate	299	
	<hr/>	62,699
Bank Service Charges		16
Refund to Taxpayers for Overcollections		733
		<hr/>

375,822

Excess of Receipts Over (Under) Disbursements

\$ 18

BALANCE - April 1, 2003

1,093

BALANCE - March 31, 2004

\$ 1,111

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 16,000	\$ 0	\$ 0	\$ 16,000
Land Improvements	4,128	9,560	0	13,688
Buildings	40,618	0	0	40,618
Furniture and Equipment	8,234	0	0	8,234
	<u>\$ 68,980</u>	<u>\$ 9,560</u>	<u>\$ 0</u>	<u>\$ 78,540</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 68,980</u>	<u>\$ 9,560</u>	<u>\$ 0</u>	<u>\$ 78,540</u>

CEDAR TOWNSHIP, OSCEOLA COUNTY  
REED CITY, MICHIGAN

STATEMENT OF 2003 TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

County	\$	138,235	
Township		28,066	
Schools			
Pine River Area Schools		85,046	
Reed City Public Schools		64,477	
Ewart Public Schools		43,814	
Intermediate Schools			
Mecosta-Osceola		34,012	
Wexford-Missaukee		40,820	
			\$ 434,470

TAXES COLLECTED

County	\$	115,171	
Township		23,384	
Schools			
Pine River Area Schools		75,868	
Reed City Public Schools		59,357	
Ewart Public Schools		35,117	
Intermediate Schools			
Mecosta-Osceola		28,222	
Wexford-Missaukee		34,178	
			371,297

TAXES RETURNED DELINQUENT

County	\$	23,063	
Township		4,683	
Schools			
Pine River Area Schools		9,178	
Reed City Public Schools		5,120	
Ewart Public Schools		8,697	
Intermediate Schools			
Mecosta-Osceola		5,790	
Wexford-Missaukee		6,642	
			\$ 63,173



# *Baird, Cotter and Bishop, P.C.*

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JONATHAN E. DAMHOF, C.P.A.  
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

June 15, 2004

## LETTER OF COMMENTS AND RECOMMENDATIONS

To The Township Board  
Cedar Township  
Osceola County  
Reed City, Michigan

During the course of our audit of the general-purpose financial statements of Cedar Township for the year ended March 31, 2004, we noted the following:

### Budgeting

We found appropriation resolutions, budgets and budget amendments to be timely prepared, documented and amended as required. We feel the Township has complied with both the spirit and the intent of the budgeting process.

A future budgeting item to consider is the category of "Community and Economic Development." This would encompass your planning and zoning activities. We recommend for future budgeting you use the new "Community and Economic Development" Department.

### General Recordkeeping

The accounting records for the year ended March 31, 2004, were found to be in good order and in compliance with the State's uniform accounting system. We commend the Township clerk and treasurer for a job well done.

### GASB

The Governmental Accounting Board has issued statement number 34 which significantly changes the financial statement presentation for governmental entities following accounting principles generally accepted in the United States of America. We will assist the Township in determining the effect of GASB on its financial statements when the implementation dated of March 31, 2005, comes closer.

Payroll

It appears that payroll liabilities were overpaid. A debit balance of \$94 exists in the payroll liabilities balance sheet accounts. An analysis of the townships payroll expense and withholdings indicates that all liabilities for the 2003-2004 fiscal year were paid by March 31, 2004. We recommend the balance be reviewed and if no taxes are due it be adjusted to \$0 to reflect no monies owed for payroll taxes.

We would like to thank the board for its continued confidence in our firm and to thank the Township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter and Bishop, P.C.*

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June 15, 2004

## LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Cedar Township  
Osceola County  
Reed City, Michigan

In planning and performing our audit of the general-purpose financial statements of Cedar Township, Osceola County, Reed City, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter and Bishop, P.C.